



General Assembly

February Session, 2008

Raised Bill No. 5634

LCO No. 1837

01837_____PD_

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING HOUSING DEVELOPMENT ZONES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-376 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2008*):

3 (a) As used in this section and section 8-378, as amended by this act,
4 "blighted property" means any structure or vacant or unimproved lot
5 or parcel (1) that has significant unremedied building, housing or
6 health code violations; (2) that has a high vacancy rate or is
7 abandoned, vacant or unoccupied; (3) for which taxes are delinquent;
8 or (4) that has been deemed a public nuisance under any provision of
9 the general statutes or any local ordinance; and

10 (b) Any municipality [which is a distressed municipality as defined
11 in subsection (b) of section 32-9p, on October 1, 1987,] (1) that is
12 classified as a public investment community within the meaning of
13 subdivision (9) of subsection (a) of section 7-545, or (2) in which at least
14 twenty-five per cent of the real property in one or two contiguous
15 United States census tracts or a portion of an individual census tract as
16 determined in accordance with the most recent United States census is

17 blighted property may apply to the Commissioner of Economic and
 18 Community Development to designate an area of such municipality as
 19 a housing development zone. Any [such area shall consist]
 20 municipality that is a public investment community shall designate as
 21 a housing development zone an area that consists of one or two
 22 contiguous United States census tracts or a portion of an individual
 23 census tract as determined in accordance with the most recent United
 24 States census. Any municipality that has one or two contiguous census
 25 tracts or a portion of an individual census tract as determined in
 26 accordance with the most recent United States census in which at least
 27 twenty-five per cent of the real property is blighted property shall
 28 designate such census tracts as the housing development zone. At least
 29 twenty-five per cent of the designated area shall be zoned or allow for
 30 multifamily residential dwellings.

31 Sec. 2. Section 8-378 of the general statutes is repealed and the
 32 following is substituted in lieu thereof (*Effective July 1, 2008*):

33 (a) The Commissioner of Economic and Community Development
 34 may approve the designation of [up to three areas in the state]
 35 qualified portions of a municipality as housing development zones,
 36 provided the commissioner shall not approve the designation of more
 37 than one housing development zone in any municipality. [Proposals
 38 for financial assistance received by the commissioner from eligible
 39 developers, as defined in section 8-39, for programs or projects
 40 authorized pursuant to chapter 128, 130, 133 or 138 which will be
 41 located in a housing development zone shall be accorded a high
 42 priority to receive financial assistance from the commissioner.] A
 43 municipality applying for approval of the designation shall include
 44 information in such application sufficient for the commissioner to
 45 determine that such municipality (1) is classified as a public
 46 investment community, or (2) has at least twenty-five per cent of the
 47 real property in one or two contiguous United States census tracts or a
 48 portion of an individual census tract as determined in accordance with
 49 the most recent United States census in the municipality is blighted

50 property. The commissioner may remove the designation of any area
51 which has been approved as a housing development zone if such area
52 no longer meets the criteria for designation as such a zone set forth in
53 sections 8-376 and 8-377 or in regulations adopted pursuant to section
54 8-381, provided no such designation shall be removed less than ten
55 years from the original date of approval of such zone.

56 (b) The commissioner shall give immediate consideration for
57 financial assistance pursuant to chapter 128, 130, 133, 138 or 588l or
58 section 8-37pp or section 8-336p of the 2008 supplement to the general
59 statutes to proposals from eligible developers, as defined in section 8-
60 39, that will be located in a housing development zone. If a project to
61 be located in a housing development zone is comparable to a project
62 that will not be located in a housing development zone, the
63 commissioner shall give priority to authorization of the project in the
64 housing development zone. The commission shall also give priority to
65 projects located in a housing development that is served by mass
66 transit and sewers.

67 Sec. 3. Section 32-1m of the 2008 supplement to the general statutes
68 is amended by adding subdivision (16) as follows (*Effective July 1,*
69 *2008*):

70 (NEW) (16) A detailed summary of projects funded in housing
71 development zones, along with a description of the priority the
72 projects received, the number of projects funded and the amount of
73 funds awarded.

74 Sec. 4. Subdivision (v) of section 32-222 of the general statutes is
75 repealed and the following is substituted in lieu thereof (*Effective July*
76 *1, 2008*):

77 (v) "Targeted investment community" means a municipality which
78 contains an enterprise zone designated pursuant to section 32-70 or a
79 housing development zone designated pursuant to section 8-378, as
80 amended by this act.

81 Sec. 5. Subsection (d) of section 10-416 of the general statutes is
82 repealed and the following is substituted in lieu thereof (*Effective July*
83 *1, 2008*):

84 (d) The commission shall, in consultation with the Commissioner of
85 Revenue Services, adopt regulations, in accordance with chapter 54, to
86 carry out the purposes of this section. Such regulations shall provide
87 that if an historic home located in a housing development zone
88 designated pursuant to section 8-378, as amended by this act, is
89 comparable to an historic home that is not located in a housing
90 development zone, priority for issuance of tax credit vouchers shall be
91 given to the historic home located in the housing development zone.
92 Priority for issuing such vouchers shall also be given to historic homes
93 located in a housing development zone that is served by mass transit
94 and sewers.

95 Sec. 6. Subsection (d) of section 10-416a of the general statutes is
96 repealed and the following is substituted in lieu thereof (*Effective July*
97 *1, 2008*):

98 (d) The commission shall adopt regulations, in accordance with
99 chapter 54, to carry out the purposes of this section. Such regulations
100 shall include provisions for filing of applications, rating criteria and for
101 timely approval by the commission. Such regulations shall provide
102 that if a certified historic structure located in a housing development
103 zone designated pursuant to section 8-378, as amended by this act, is
104 comparable to a certified historic structure that is not located in a
105 housing development zone, priority for issuance of tax credit vouchers
106 shall be given to the certified historic structure located in the housing
107 development zone. Priority for issuing such vouchers shall also be
108 given to certified historic structures located in housing development
109 zone that are served by mass transit and sewers.

110 Sec. 7. Subsection (k) of section 8-395 of the general statutes is
111 repealed and the following is substituted in lieu thereof (*Effective July*

112 1, 2008):

113 (k) The Connecticut Housing Finance Authority, with the approval
 114 of the Commissioner of Revenue Services, shall adopt written
 115 procedures in accordance with section 1-121 to implement the
 116 provisions of this section. Such procedures shall include provisions for
 117 issuing tax credit vouchers for cash contributions to housing programs
 118 based on a system of ranking housing programs. In establishing such
 119 ranking system, the authority shall consider the following: (1) The
 120 readiness of the project to be built; (2) use of the funds to build or
 121 rehabilitate a specific housing project or to capitalize a revolving loan
 122 fund providing low-cost loans for housing construction, repair or
 123 rehabilitation to benefit persons of very low, low and moderate
 124 income; (3) the extent the project will benefit families at or below
 125 twenty-five per cent of the area median income and families with
 126 incomes between twenty-five per cent and fifty per cent of the area
 127 median income, as defined by the United States Department of
 128 Housing and Urban Development; (4) evidence of the general
 129 administrative capability of the nonprofit corporation to build or
 130 rehabilitate housing; (5) evidence that any funds received by the
 131 nonprofit corporation for which a voucher was issued were used to
 132 accomplish the goals set forth in the application; and (6) with respect
 133 to any income year commencing on or after January 1, 1998: (A) Use of
 134 the funds to provide housing opportunities in urban areas and the
 135 impact of such funds on neighborhood revitalization; and (B) the
 136 extent to which tax credit funds are leveraged by other funds. Ten
 137 additional points shall be awarded for projects located in housing
 138 development zones. Fifteen additional points shall be awarded for
 139 projects located in housing development zones that are served by mass
 140 transit and sewers.

141 Sec. 8. (NEW) (*Effective July 1, 2008*) On or before February 1, 2009,
 142 and annually thereafter, the Commission on Culture and Tourism shall
 143 submit a report to the joint standing committee of the General
 144 Assembly having cognizance of matters relating to planning and

145 development and to the select committee of the General Assembly
146 having cognizance of matters relating to housing on the issuance of tax
147 credit vouchers for historic homes located in housing development
148 zones pursuant to section 10-416 of the general statutes, as amended by
149 this act, and certified historic structures in housing development
150 zones, pursuant to section 10-426a of the general statutes. Such report
151 shall include detailed information on the vouchers issued for historic
152 homes and certified historic structures located in housing development
153 zones, along with a description of the priority such vouchers received,
154 the number and the amount of such vouchers issued.

155 Sec. 9. (NEW) (*Effective July 1, 2008*) In issuing tax credits under the
156 Low Income Tax Credit Program, 26 USC 42, the Connecticut Housing
157 Finance Authority shall award ten points for projects located in
158 housing development zones and fifteen points for projects located in
159 housing development zones that are served by mass transit and
160 sewers.

161 Sec. 10. (NEW) (*Effective July 1, 2008*) On or before February 1, 2009,
162 and annually thereafter, the Connecticut Housing Finance Authority
163 shall submit a report on the issuance of tax credits under section 8-395
164 of the general statutes, as amended by this act, and under the Low
165 Income Tax Credit Program, 26 USC 42 to the joint standing committee
166 of the General Assembly having cognizance of matters relating to
167 planning and development and to the select committee of the General
168 Assembly having cognizance of matters relating to housing. Such
169 report shall include detailed information on the vouchers issued for
170 housing located in housing development zones, along with a
171 description of the priority such vouchers received, the number and
172 amount of such vouchers issued.

173 Sec. 11. (NEW) (*Effective October 1, 2008*) (a) Any municipality that is
174 eligible for small town economic assistance under section 4-66g of the
175 2008 supplement to the general statutes may designate, by ordinance
176 adopted by its legislative body, a nutmeg zone within the

177 municipality. Such ordinance shall identify a specific geographic area
178 as such zone and shall establish criteria and goals for economic activity
179 in the zone.

180 (b) Upon designation of a nutmeg zone under subsection (a) of this
181 section, the municipality may apply to the Commissioner of Economic
182 and Community Development for state approval of the designation.
183 The municipality seeking the approval of the commissioner for
184 designation of an area of the municipality as a nutmeg zone shall file
185 with the commissioner a preliminary application. Not later than sixty
186 days after receipt of such a preliminary application, the commissioner
187 shall indicate to the municipality, in writing, any recommendations for
188 improving the municipality's application. On or before July 1, 2009,
189 and annually thereafter, the commissioner shall conduct a lottery to
190 select ten nutmeg zones in the state.

191 (c) The amount of property taxes due under chapter 203 of the
192 general statutes for a facility that is acquired, constructed, substantially
193 renovated or expanded in a nutmeg zone, on or after the effective date
194 of this section, shall be reduced by ten per cent in each of the ten full
195 assessment years following the assessment year in which the
196 acquisition, construction, renovation or expansion of the facility is
197 completed. The state, acting by and in the discretion of the
198 Commissioner of Economic and Community Development, shall enter
199 into a contract with the municipality in which the nutmeg zone is
200 located to provide a grant to the municipality in an amount equal to
201 ten per cent of the amount that would have been due for property
202 taxes except for the provisions of this section. Such grant shall be made
203 annually for the ten assessment years that the taxes due for the facility
204 are reduced.

205 (d) The Commissioner of Economic and Community Development
206 may adopt regulations, in accordance with chapter 54 of the general
207 statutes, to implement this section.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2008</i>	8-376
Sec. 2	<i>July 1, 2008</i>	8-378
Sec. 3	<i>July 1, 2008</i>	32-1m
Sec. 4	<i>July 1, 2008</i>	32-222(v)
Sec. 5	<i>July 1, 2008</i>	10-416(d)
Sec. 6	<i>July 1, 2008</i>	10-416a(d)
Sec. 7	<i>July 1, 2008</i>	8-395(k)
Sec. 8	<i>July 1, 2008</i>	New section
Sec. 9	<i>July 1, 2008</i>	New section
Sec. 10	<i>July 1, 2008</i>	New section
Sec. 11	<i>October 1, 2008</i>	New section

Statement of Purpose:

To revise the definition of housing development zones and to give development in such zones priority for state assistance and to authorize towns to establish nutmeg zones.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]